**Does helping the next generation start farming improve their profit potential?**

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Farmers are entrepreneurs and finding the resources to start their operation can have direct implications on their financial success over time, which is the topic of the second installment of the “Top Farmer” newsletter series. Of the 334 survey respondents, 18% of the farms started independently without any help from family, 47% reported receiving help from their parents while operating their own farm independently, 25% are currently farming with family members in a partnership, and the remaining 10% used other strategies to start farming.

These statistics differ when we split the sample between the 20% most profitable and 20% least profitable farms, measured by the adjusted net farm income ratio. Thirty percent of the least profitable farms reported starting their farming operation on their own, while only 13% of the most profitable started on their own without assistance. Over half (60%) of the most profitable farms received help from their parents while only 39% of the least profitable farms received similar assistance. These two statistics demonstrate a very important fact—starting points matter. Having a family member provide assistance to a beginning farmer help facilitate capital accumulation, farm management decisions, and the overall success of the farm.

The average age of the survey respondent was 52 years old with 28 years of experience. The participants in our survey who received assistance from family members tended to have higher profit levels over time. Surprisingly, only 22% of all survey respondents indicated they had a formal transition or succession plan in place. As farmers are making long-term plans it is recommended they consider how they might incorporate the next generation into their farming operation to create a competitive advantage for their farm legacy.

In 2019, University of Minnesota Extension and the Minnesota State Colleges and Universities Farm Business Management (FBM) Team is providing 12-one day workshops and 3-two day retreats across Minnesota on this very topic. The overall objective of the, “Farm Transition and Estate Planning: Creating Your Farm Legacy,” program is to provide participants with individual, family, retirement, and business goals to create a foundation for the farm transition process. Transition plans provide a planning horizon, which may last anywhere from 5-15 or more years. This program will cover an array of transition strategies, financial implications of multiple generations on the farm, in addition to tax and estate planning strategies. More detailed information regarding this program, including dates and locations, are available at: <http://z.umn.edu/transitionworkshop>.